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# Financial Statements

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***Lambcroft Ministries, Inc.***

*Years Ended December 31, 2021 and 2020*

# LAMBSCROFT MINISTRIES, INC.

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### *Years Ended December 31, 2021 and 2020*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Lambcroft Ministries, Inc.:

### ***Opinion***

We have audited the financial statements of Lambcroft Ministries, Inc. (Lambcroft Ministries), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lambcroft Ministries as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lambcroft Ministries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lambcroft

Ministries' ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lambcroft Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lambcroft Ministries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PYA, P.C.

Brentwood, Tennessee  
September 14, 2022

**LAMBSCROFT MINISTRIES, INC.*****Statements of Financial Position***

	<i>December 31,</i>	
	<i>2021</i>	<i>2020</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 81,844	\$ 95,009
Accounts receivable	1,547	1,380
Prepaid expenses and other assets	6,391	3,555
TOTAL CURRENT ASSETS	89,782	99,944
PROPERTY AND EQUIPMENT, net	453,600	33,164
TOTAL ASSETS	\$ 543,382	\$ 133,108
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 12,475	\$ 5,648
PPP Loan - Note I	-	53,677
Accrued payroll	3,622	4,813
Current portion of long-term debt	11,276	-
TOTAL CURRENT LIABILITIES	27,373	64,138
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt, net of current portion	315,430	-
TOTAL NON-CURRENT LIABILITIES	315,430	-
TOTAL LIABILITIES	342,803	64,138
<b>NET ASSETS</b>		
Without donor restrictions	178,723	16,492
With donor restrictions	21,856	52,478
TOTAL NET ASSETS	200,579	68,970
TOTAL LIABILITIES AND NET ASSETS	\$ 543,382	\$ 133,108

**LAMBSCROFT MINISTRIES, INC.*****Statements of Activities***

	<i>Year Ended December 31, 2021</i>		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Public support and revenue:			
Contributions, including in-kind of \$60,431	\$ 258,137	\$ 80,680	\$ 338,817
Program revenue	262,456	-	262,456
Rental revenue	46,692	-	46,692
Miscellaneous revenue	4,176	-	4,176
PPP loan forgiveness income	107,354		107,354
Gain on sale of fixed assets	700	-	700
Net assets released from restrictions	111,302	(111,302)	-
TOTAL PUBLIC SUPPORT AND REVENUE	790,817	(30,622)	760,195
Expenses:			
Program	596,110	-	596,110
Management and general	32,476	-	32,476
TOTAL EXPENSES	628,586	-	628,586
CHANGE IN NET ASSETS	162,231	(30,622)	131,609
NET ASSETS, BEGINNING OF YEAR	16,492	52,478	68,970
NET ASSETS, END OF YEAR	\$ 178,723	\$ 21,856	\$ 200,579

**LAMBSCROFT MINISTRIES, INC.*****Statements of Activities - Continued***

	<i>Year Ended December 31, 2020</i>		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Public support and revenue:			
Contributions, including in-kind of \$68,455	\$ 334,136	\$ 59,012	\$ 393,148
Program revenue	199,790	-	199,790
Rental revenue	44,995	-	44,995
Donated property and equipment	1,907	-	1,907
Miscellaneous revenue	11,358	-	11,358
Net assets released from restrictions	14,462	(14,462)	-
TOTAL PUBLIC SUPPORT AND REVENUE	606,648	44,550	651,198
Expenses:			
Program	594,385	-	594,385
Management and general	32,971	-	32,971
Fundraising	1,500	-	1,500
TOTAL EXPENSES	628,856	-	628,856
CHANGE IN NET ASSETS	(22,208)	44,550	22,342
NET ASSETS, BEGINNING OF YEAR	38,700	7,928	46,628
NET ASSETS, END OF YEAR	\$ 16,492	\$ 52,478	\$ 68,970

**LAMBSCROFT MINISTRIES, INC.*****Statements of Functional Expenses***

	<i>Year Ended December 31, 2021</i>		
	<i>Program</i>	<i>Management and General</i>	<i>Total Expenses</i>
Salaries and benefits	\$ 218,912	\$ 3,437	\$ 222,349
Supplies, including in-kind of \$34,190	199,418	86	199,504
Rent	40,300	-	40,300
Utilities	37,366	-	37,366
Professional fees, including in-kind of \$26,241	15,553	10,688	26,241
Depreciation	19,737	-	19,737
Professional services	5,242	14,064	19,306
Insurance	13,360	775	14,135
Interest	11,245	946	12,191
Repairs and maintenance	10,333	-	10,333
Dues and licenses	8,318	377	8,695
Financial transaction fees	7,295	543	7,838
Travel	5,925	1,422	7,347
Gifts and benevolence	2,612	138	2,750
Postage and printing	400	-	400
Meals and entertainment	35	-	35
Marketing	59	-	59
TOTAL EXPENSES	<u>\$ 596,110</u>	<u>\$ 32,476</u>	<u>\$ 628,586</u>



**LAMBSCROFT MINISTRIES, INC.*****Statements of Functional Expenses - Continued***

<i>Year Ended December 31, 2020</i>				
	<i>Program</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total Expenses</i>
Salaries and benefits	\$ 251,119	\$ 1,475	\$ 1,500	\$ 254,094
Supplies, including in-kind of \$38,941	172,710	226	-	172,936
Rent	63,845	-	-	63,845
Utilities	38,058	-	-	38,058
Professional fees, including in-kind of \$29,514	16,060	13,454	-	29,514
Depreciation	12,566	-	-	12,566
Professional services	-	13,812	-	13,812
Insurance	9,032	780	-	9,812
Travel	9,401	50	-	9,451
Financial transaction fees	5,672	824	-	6,496
Repairs and maintenance	7,696	-	-	7,696
Gifts and benevolence	1,466	462	-	1,928
Dues and licenses	5,006	1,822	-	6,828
Postage and printing	554	66	-	620
Meals and entertainment	16	-	-	16
Marketing	86	-	-	86
Loss on disposal of fixed assets	1,098	-	-	1,098
TOTAL EXPENSES	\$ 594,385	\$ 32,971	\$ 1,500	\$ 628,856

**LAMBSCROFT MINISTRIES, INC.*****Statements of Cash Flows***

	<i>Year Ended December 31,</i>	
	<i>2021</i>	<i>2020</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 131,609	\$ 22,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	19,737	12,566
Amortization of deferred loan cost	76	-
PPP loan forgiveness - Note I	(107,354)	-
(Gain) loss on disposal of property and equipment	(700)	1,098
Change in operating assets and liabilities		
Accounts receivable	(167)	3,390
Prepaid expenses and other assets	(2,836)	4,373
Accounts payable	6,827	(14,086)
Accrued payroll	(1,191)	(8,494)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>46,001</b>	<b>21,189</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property and equipment	700	-
Purchases of property and equipment	(440,173)	(7,400)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(439,473)</b>	<b>(7,400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt, net of deferred loan costs	338,180	-
Principal payments on long-term debt	(11,550)	-
Proceeds from PPP loan - Note I	53,677	53,677
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>380,307</b>	<b>53,677</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,165)</b>	<b>67,466</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>95,009</b>	<b>27,543</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 81,844</b>	<b>\$ 95,009</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 12,115	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:</b>		
Donation of property and equipment	\$ -	\$ 1,907

## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements*

#### *Years Ended December 31, 2021 and 2020*

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#### NOTE A--NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization:* Lambscroft Ministries, Inc. (Lambscroft Ministries) was legally established in 2009 as an outreach partnership of local friends and area churches with a mission to serve the homeless. In doing so, a culinary training school was opened in 2013 to provide homeless men with practical and professional culinary skills so that participants will have the skills necessary to earn appropriate income for themselves and break the cycle of homelessness.

Lambscroft Ministries operates from facilities located in Nashville, Tennessee and attracts its participants and its support primarily from the Middle Tennessee area. Lambscroft Ministries is supported by contributions from the general public and café sales.

The following program services are provided by Lambscroft Ministries:

- *The Cookery Café and Culinary School (the Cookery):* A full-service restaurant offering coffee, breakfast, lunch, dinner and catering. Students in the associated culinary school are provided training in the Cookery's kitchen. Revenues from the café are used to support the culinary school and café.
- *Discipleship Housing and Outreach:* Programs offered in connection with local churches, offering homeless men shelter, meals, and bathing facilities under temporary or more permanent arrangements.

*Basis of Presentation:* Lambscroft Ministries presents its financial statements in accordance with accounting and reporting prescribed for not-for-profit organizations. Using the accrual basis of accounting, Lambscroft Ministries is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, Lambscroft Ministries is required to present a statement of cash flows and a statement of functional expenses. Net assets of Lambscroft Ministries are presented as follows:

- *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed stipulations.
- *Net Assets With Donor Restrictions:* Net assets subject to donor-imposed stipulations. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements - Continued*

#### *Years Ended December 31, 2021 and 2020*

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*Cash and Cash Equivalents:* Lambscroft Ministries considers all cash and related short-term investments with original maturities of three months or less when purchased to be cash equivalents.

*Contributions and Promises to Give:* Contributions are recognized when the donor makes a promise to give to Lambscroft Ministries that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

*Accounts Receivable:* Accounts receivable represent amounts due for sales of catering services from the Cookery and rent receivable from program participants. Management believes accounts receivable are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary as of December 31, 2021 and 2020, respectively.

*Accounts Payable:* Accounts payable represent amounts due to vendors in connection with the operation of the Cookery. These payables are considered current and due less than one year from the statement of financial position date.

*Property and Equipment, Net:* Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Non-leasehold related assets are depreciated using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years. Leasehold improvements are depreciated over the lesser of the useful life of the related asset or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

*Donated Materials and Services:* Donated materials and equipment, if any, are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. The value of donated food, as provided by the donor retailer, is recognized at estimated fair value on the date it is received, less an estimate of spoilage, with a corresponding expense for program services when distributed to the homeless. Donated services are recognized as revenues at their estimated fair value only when they create or enhance nonfinancial assets or they require specialized skill which would need to be purchased if they were not donated. A significant number of volunteer hours are given to the programs of Lambscroft Ministries even though not recognized within the financial statements.

*Functional Allocation of Expenses:* The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements - Continued*

#### *Years Ended December 31, 2021 and 2020*

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estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Sales Taxes:* Lambscroft Ministries collects local and state sales taxes on all applicable sales related to the Cookery. These sales taxes are accounted for as reductions in program revenue and an associated liability. No amounts for sales taxes are reflected on the statements of activities or statements of functional expenses, as sales revenues are reported net of applicable taxes.

*Income Taxes:* Lambscroft Ministries is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and Lambscroft Ministries is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

Lambscroft Ministries follows Financial Accounting Standards Board (FASB) Accounting Standards Codification guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Lambscroft Ministries does not believe there are any uncertain tax positions at December 31, 2021 and 2020. Additionally, Lambscroft Ministries has not recognized any tax related interest and penalties in the accompanying financial statements.

*Recently Issued Accounting Principles:* In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. FASB ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021 and requires a modified retrospective transition approach for leases existing at the date of adoption. Management has adopted this ASU as required for the year ending December 31, 2022.

#### NOTE B--PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements - Continued*

#### *Years Ended December 31, 2021 and 2020*

	<i>2021</i>	<i>2020</i>
Buildings	\$ 255,000	\$ -
Land	170,000	-
Leasehold improvements	61,565	56,771
Equipment	99,962	95,533
Furniture and fixtures	39,525	39,525
Vehicles	10,000	11,000
	636,052	202,829
Less: Accumulated depreciation	(182,452)	(169,665)
	<u>\$ 453,600</u>	<u>\$ 33,164</u>

#### NOTE C--LONG-TERM DEBT

As of December 31, 2021, the Company had a 20-year adjustable rate note payable with a commercial bank having an outstanding balance of \$174,110. Interest associated with this loan accrues at 4.50% per annum based on a year of 360 days on the unpaid principal balance for the first 60 monthly payments. For the remaining 180 monthly payments, the interest rate will accrue based on changes in an independent index which is the weekly average of the 5-year Treasury Securities adjusted to a constant maturity plus 3.00%, rounded to the nearest .125%. The interest rate may not be less than 4.5% per annum or more than the lessor of 20.5% per annum or the maximum rate allowed by applicable law. The note has a maturity date of April 2, 2041 and principal and interest payments are due in equal monthly installments amounting to \$1,145 between May 2, 2021 and the maturity date. Unpaid obligations, including principal, shall be due and payable at maturity. Prepayment may occur prior to the maturity date under certain terms and conditions.

As of December 31, 2021, the Company had a 20-year adjustable rate note payable with a commercial bank having an outstanding balance of \$154,340. Interest associated with this loan accrues at 4.50% per annum based on a year of 360 days on the unpaid principal balance for the first 60 monthly payments. For the remaining 180 monthly payments, the interest rate will accrue based on changes in an independent index which is the weekly average of the 5-year Treasury Securities adjusted to a constant maturity plus 3.00%, rounded to the nearest .125%. The interest rate may not be less than 4.5% per annum or more than the lessor of 20.5% per annum or the maximum rate allowed by applicable law. The note has a maturity date of January 27, 2041 and principal and interest payments are due in equal monthly installments amounting to \$1,018 between February 27, 2021 and the maturity date. Unpaid obligations, including principal, shall be due and payable at maturity. Prepayment may occur prior to the maturity date under certain terms and conditions.

The Company is subject to a number of affirmative covenants. Management believes that the Company is in compliance with all such covenants as of December 31, 2021.

**LAMBSCROFT MINISTRIES, INC.**

***Notes to Financial Statements - Continued***

***Years Ended December 31, 2021 and 2020***

Future maturities of long-term debt are as follows:

<b><i>Year Ending December 31,</i></b>	
2022	\$ 11,276
2023	11,783
2024	12,329
2025	12,925
2026	13,527
Thereafter	266,610
	328,450
Less: current portion	(11,276)
	<u>\$ 317,174</u>

At December 31, 2021, the long-term debt balances are reduced by debt issuance costs totaling \$1,744. The debt issuance costs are amortized on a straight-line basis, which approximate the effective interest method. Future amortization of debt issuance costs are as follows:

<b><i>Year Ending December 31,</i></b>	
2022	\$ 91
2023	91
2024	91
2025	91
2026	91
Thereafter	1,289
	<u>\$ 1,744</u>

**NOTE D-- NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and/or time periods at December 31:

	<b><i>2021</i></b>	<b><i>2020</i></b>
Program activities in the coming year	<u>\$ 21,856</u>	<u>\$ 52,478</u>

**NOTE E--DONATED MATERIALS AND SERVICES**

Lambscroft Ministries receives various non-cash gifts, primarily consisting of food donations from local retailers, and recognizes them as public support as the gifts are utilized. Generally,

## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements - Continued*

#### ***Years Ended December 31, 2021 and 2020***

these donated materials are utilized within a few days of the time they are received. Occasionally, Lambscroft Ministries receives donations of assets. Donated materials and services, which are included in the statements of activities and functional expenses, are summarized as follows for the years ended December 31:

	<b><i>2021</i></b>	<b><i>2020</i></b>
Food for distribution to homeless	\$ 34,190	\$ 38,941
Professional fees	26,241	29,514
Furnishings for the Cookery and Discipleship House	-	1,907
	<u>\$ 60,431</u>	<u>\$ 70,362</u>

#### NOTE F--RENTAL REVENUE

In conjunction with the culinary school program, Lambscroft Ministries operates three Discipleship Houses. Two of these are facilities used to house students while they are participating in the culinary program, and one facility houses two members of management of Lambscroft Ministries. In addition to culinary students, these houses are also made available for other homeless non-student males to rent rooms, space permitting. The rental rate is \$430 per month and includes rent and associated utilities. Tenants do not enter into contractual agreements with Lambscroft Ministries. Additionally, Lambscroft Ministries rents its event space for use as a worship center or event venue on a short-term basis. Rental revenue represents amounts collected during the year and amounts receivable at year-end.

#### NOTE G--LEASES

Lambscroft Ministries leases real estate in connection with the Cookery and Discipleship Housing programs. The following schedule details future minimum lease payments required under such lease arrangements:

<b><i>Year Ending December 31,</i></b>	
2022	\$ 25,400
2023	12,000
	<u>\$ 37,400</u>

Rent expense totaled \$40,300 and \$63,845 for the years ended December 31, 2021 and 2020, respectively.



## LAMBSCROFT MINISTRIES, INC.

### *Notes to Financial Statements - Continued*

#### *Years Ended December 31, 2021 and 2020*

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#### NOTE H--AVAILABILITY AND LIQUIDITY

All of Lambscroft Ministries' financial assets, with the exception of \$21,856 and \$52,478 of net assets with donor restrictions as of December 31, 2021 and 2020, respectively, are available for general use. Lambscroft Ministries manages its financial assets through an annual budgeting process.

#### NOTE I--NATIONAL PANDEMIC

In March 2020, the outbreak of the coronavirus 2019 (COVID-19) was declared a public health emergency (PHE). The COVID-19 PHE has severely restricted economic activity and resulted in volatility in financial markets. Both the restaurant and not-for-profit industries have experienced adverse impacts on operations due to decreased revenues. As a response to the pandemic, Lambscroft Ministries took one Payroll Protection Program Loan (PPP) from the Small Business Administration in May 2020 of \$53,677 and one PPP loan in March 2021 of \$53,677. Both loans were fully forgiven and are recognized as public support and revenue for the year ended December 31, 2021. Any interest on the loans was also forgiven and was considered de minimus and not recorded on the statement of activities. Through the PPP loans, a high volume of contributions received in 2021 and 2020, and other changes in operations, Lambscroft Ministries believes that the financial restraints resulting from the pandemic have been alleviated, though the total impact of the pandemic on Lambscroft Ministries remains unknown.

#### NOTE J--SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the December 31, 2021 financial statements.